

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6704**

**BILL NUMBER:** HB 1185

**DATE PREPARED:** Dec 16, 1998

**BILL AMENDED:**

**SUBJECT:** Property tax deduction for recreational vehicles.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides a \$2,000 assessed value deduction for recreational vehicles.

**Effective Date:** January 1, 2000.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The State levies a one cent tax rate for State fair and State forestry. Any reduction in the assessed value base will reduce the property tax revenue for these two funds. An assessed value (AV) reduction of \$71.7 million (as discussed below) would result in a loss of \$7,166.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** According to data obtained from the State Tax Board, 113,118 recreational vehicles (RVs) were assessed as personal property in 1997. The average assessed value (AV) for these vehicles was \$1,267 for a total AV of \$143.3 million. This proposal would provide a property tax deduction of \$2,000 with a limit of one-half of the AV of each RV. Since the average AV is less than \$2,000, the total amount of deducted AV is estimated at one-half of the total recreational vehicle AV or \$71.7 million.

Additional deductions reduce the assessed value tax base. This causes a shift of the property tax burden from the taxpayers receiving the deductions to all taxpayers in the form of an increased tax rate. A \$71.7 million reduction in assessed value would cause a \$0.0133 increase in the statewide average gross tax rate. The shifted tax would amount to an estimated \$7.6 million in 2001, the first year that the bill is effective.

Total local revenues, except for cumulative funds, would remain unchanged. Revenue for cumulative funds would be reduced by the product of the fund rate multiplied by the deduction amount applicable to that fund.

**State Agencies Affected:** State Board of Tax Commissioners.

**Local Agencies Affected:** County Auditors.

**Information Sources:** State Board of Tax Commissioners; Local Government Database.